Message Text

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E.O. 11652: N/A TAGS: PINT, ETRD, JA

SUBJECT: PRESS REPORTS OF STRAUSS-SASAKI MEETING

1. JUNE 22 PRESS GAVE PROMINENT COVERAGE TO DEMOCRATIC SOCIALIST PARTY CHAIRMAN RYOSAKU SASAKI'S ACCOUNT TO JAPANESE PRESS CORPS IN WASHINGTON OF HIS JUNE 21 MEETING WITH STR STRAUSS AND DEPUTY STR WOLFF, ACCORDING TO WHICH STRAUSS SAID THAT IF GOJ WERE NOT MORE FORTHCOMING IN OFFERS TO OPEN ITS MARKET TO FOREIGN PRODUCTS, THERE WAS STRONG POSSIBILITY THAT U.S. CONGRESS WOULD ENACT LEGIS-LATION TO RESTRICT IMPORTS FROM JAPAN IN MARCH OR APRIL 1979. SASAKI SAID STRAUSS TOLD HIM THAT ALTHOUGH PRESI-DENT CARTER AND PRIMIN FUKUDA HAD MADE COMMITMENT TO EXPAND FREE TRADE, AND ALTHOUGH HE AND MINISTER USHIBA HAD DEEN ABLE TO MAKE SOME PROGRESS IN NEGOTIATIONS, CONGRESS. WHICH FACED MID-TERM ELECTIONS THIS YEAR. WAS FINDING IT DIFFICULT TO ACCEPT PROSPECT OF U.S. 1978 TRADE DEFICIT WITH JAPAN REACHING \$8 TO \$10 BILLION. ESPECIALLY IN VIEW OF CONTINUED GOJ RESTRICTIONS ON IMPORTS SUCH AS BEEF, CITRUS FRUITS AND COLOR FILM. IF JAPAN COULD MAKE EVEN SMALL EFFORT, SUCH AS EXPANDING UNCLASSIFIED

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HER BEEF IMPORT QUOTA FROM 10 TO 70 MILLION TONS A YEAR, STR REPORTEDLY THOUGHT PROTECTIONIST PRESSUREIN CONGRESS COULD BE SIGNIFICANTLY EASED, BUT GOJ EFFORTS THUS FAR HAD BEEN SO UNSATISFACTORY AS TO TEST "LIMITS OF HIS PATIENCE." IF GOJ COULD PRODUCE NO BETTER OFFERS, HE THOUGHT THERE WAS NO POINT TO CONTINUING NEGOTIATIONS. IN THIS CONTEXT, STRAUSS REPORTEDLY SAID HE MIGHT EVEN

RESIGN IN A FEW WEEKS.

- 2. STR ALSO REPORTED TO HAVE SAID THAT U.S. HAD TAKEN APPROPRIATE MEASURES TO FIGHT DOMESTIC INFLATION, BUT THAT U.S. EFFORTS TO BALANCE INTERNATIONAL PAYMENTS WERE NOT MAKING APPROPRIATE PROGRESS, PRIMARILY BECAUSE OF CONTINUED LARGE DEFICITS IN U.S. TRADE WITH JAPAN.
- 3. ALSO REPORTED WAS COMMENT BY DEPUTY STR WOLFF THAT ALTHOUGH U.S. HAS BEEN FREQUENTLY TOLD THAT IMPORTS OF BEEF, CITRUS FRUITS AND MANY OTHER PRODUCTS WERE POLITICALLY SENSITIVE ISSUES IN JAPAN, IT WAS DIFFICULT FOR U.S. TO UNDERSTAND WHY COUNTRY RUNNING \$23 BILLION SURPLUS WAS SO SENSITIVE TO THESI RELATIVELY MINOR ITEMS. WOLFF ALSO REPORTEDLY SAID THAT JAPAN'S MOVEMENT ON ALL TRADE PROBLEMS HAD BEEN TOO SLOW, AND THAT AT THIS RATE, IT WOULD BE IMPOSSIBLE TO RESTRAIN PUBLIC AND CONGRESSIONAL REACTION AGAINST JAPAN.
- 4. FRONT-PAGE TREATMENT IN SEVERAL OF LARGEST NEWSPAPERS CHARACTERIZED STR'S COMMENTS AS "SHARP WARNING" TO GOJ TO OPEN HER MARKET TO IMPORTS FROM U.S., ESPECIALLY OF FILM, BEEF AND CITRUS FRUIT. MANSFIELD

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